

FISCAL NOTE

SB 1145 - HB 1370

March 20, 2007

SUMMARY OF BILL: Enacts the "Community Choices Act of 2007" which establishes a program for individuals in intermediate care facilities for the mentally retarded (ICF/MR) or nursing facilities to transition out of institutional placement into home - and community - based services (HCBS).

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$11,134,506 Recurring
\$61,800 One-Time**

**Other Fiscal Impact – Increase Federal Expenditures –
\$3,706,922 Recurring
\$61,800 One-Time**

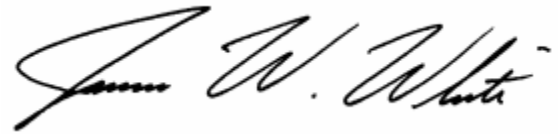
Assumptions:

- The amount of funds which will follow the person are estimated to increase total expenditures of \$12,603,450. Such includes 180 individuals in nursing homes at a rate of \$130 per day which totals \$8,541,000, 10 individuals in private ICF/MR facilities at a rate of \$380 per day which totals \$1,387,000, and 10 individuals in public ICF/MR facilities at a rate of \$733 per day which totals \$2,675,450.
- It is estimated that the actual costs of the new HCBS program will be \$4,056,875 which will result in an increase in state expenditures of \$1,472,848 in state funds and \$2,584,027 in federal funds at a 63.695% match rate. The actual costs include:
 - 180 individuals will leave nursing homes and will receive a rate of \$25 per day which is estimated to increase expenditures by \$1,642,500 (\$596,310 in state funds and \$1,046,190 in federal funds).
 - It is estimated that 20 individuals will leave private and public ICF/MR residences and will receive a rate of \$193.75 per day which is estimated to increase expenditures by \$1,414,375 (\$513,488 in state funds and \$900,886 in federal funds).

- TennCare estimates that contracting with community based organizations will increase expenditures by \$600,000 (\$217,830 in state funds and \$382,170 in federal funds).
 - TennCare will provide \$2,000 for a transitional cost allowance to the 200 individuals who decide to receive HCBS. Such is estimated to increase expenditures by \$400,000 (\$145,220 in state funds and \$254,780 in federal funds).
- The difference from the transfer to HCBS and the actual cost of the HCBS is \$8,546,575 which will be provided as cash vouchers to the individuals which will be 100% state funds.
- Based on information from the Centers for Medicare and Medicaid Services (CMS), the Bureau of TennCare will need to hire additional staff to run the program. TennCare will hire an administrative services assistant 4 position, a housing specialist, an accountant 3, a long term care quality specialist, and a project director which is estimated to increase recurring expenditures by \$309,457.
- Such expenditures for the additional positions include salary and benefits (\$301,207), supplies (\$1,200), and telephone and communications (\$7,000). The increase in expenditures for the positions will result in \$154,728.50 in state funds and \$154,728.50 in federal funds at a 50% match rate.
- There will be a one-time increase in expenditures of \$123,500 for landscaping (\$13,500) and computers (\$10,000) and program changes (\$100,000). State funds will equal \$61,750 and federal funds will equal \$61,750 at a 50% match rate.
- There will be an increase in expenditures of \$1,900,000 for contract administration. Such will result in an increase in recurring state expenditures of \$950,000 and federal expenditures of \$950,000 at a 50% match rate.
- The 16 member Disability Services Consumer Advisory Board will meet quarterly. It is estimated that 13 of the 16 members will be reimbursed for travel expenses. The estimated per member per meeting cost is \$310 for mileage (\$130), lodging (\$99), and meals (\$81). The total travel reimbursement per year is estimated to be \$16,120 (\$310 X 13 members X 4 meetings).
- A majority of the board members will have a disability. It is assumed that ten members of the Board will need attendants to accompany them to the meetings. Reimbursement for the attendants is estimated to be \$3,100 per meeting or \$12,400 (\$3,100 X 4).
- The increase in expenditures for travel reimbursement totals \$28,520 with will result in an increase in recurring state expenditures of \$10,354 at a match rate of 36.305% and federal expenditures of \$18,166 at a match rate of 63.695%.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director